

119TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to modify the exception for  
de minimis payments by third party settlement organizations.

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IN THE SENATE OF THE UNITED STATES

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Mr. CASSIDY (for himself and Ms. HASSAN) introduced the following bill;  
which was read twice and referred to the Committee on

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**A BILL**

To amend the Internal Revenue Code of 1986 to modify  
the exception for de minimis payments by third party  
settlement organizations.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Red Tape Reduction  
5       Act of 2025”.

1 **SEC. 2. REINSTATEMENT OF EXCEPTION FOR DE MINIMIS**  
2 **PAYMENTS AS IN EFFECT PRIOR TO ENACT-**  
3 **MENT OF AMERICAN RESCUE PLAN ACT.**

4 (a) IN GENERAL.—Section 6050W(e) of the Internal  
5 Revenue Code of 1986 is amended to read as follows:

6 “(e) EXCEPTION FOR DE MINIMIS PAYMENTS BY  
7 THIRD PARTY SETTLEMENT ORGANIZATIONS.—A third  
8 party settlement organization shall be required to report  
9 any information under subsection (a) with respect to third  
10 party network transactions of any participating payee only  
11 if—

12 “(1) the amount which would otherwise be re-  
13 ported under subsection (a)(2) with respect to such  
14 transactions exceeds \$10,000, or

15 “(2) the aggregate number of such transactions  
16 exceeds 50.”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 this section shall apply to transactions settled after De-  
19 cember 31, 2024.

20 **SEC. 3. APPLICATION OF DE MINIMIS RULE FOR THIRD**  
21 **PARTY NETWORK TRANSACTIONS TO BACKUP**  
22 **WITHHOLDING.**

23 (a) IN GENERAL.—Section 3406(b) of the Internal  
24 Revenue Code of 1986 is amended by adding at the end  
25 the following new paragraph:

1           “(8) OTHER REPORTABLE PAYMENTS INCLUDE  
2           PAYMENTS IN SETTLEMENT OF THIRD PARTY NET-  
3           WORK TRANSACTIONS ONLY WHERE AGGREGATE  
4           TRANSACTIONS EXCEED REPORTING THRESHOLD  
5           FOR THE CALENDAR YEAR.—

6           “(A) IN GENERAL.—Any payment in set-  
7           tlement of a third party network transaction re-  
8           quired to be shown on a return required under  
9           section 6050W which is made during any cal-  
10          endar year shall be treated as a reportable pay-  
11          ment only if—

12           “(i) the aggregate number of trans-  
13           actions with respect to the participating  
14           payee during such calendar year exceeds  
15           the number of transactions specified in  
16           section 6050W(e)(2), and

17           “(ii) the aggregate amount of trans-  
18           actions with respect to the participating  
19           payee during such calendar year exceeds  
20           the dollar amount specified in section  
21           6050W(e)(1) at the time of such payment.

22           “(B) EXCEPTION IF THIRD PARTY NET-  
23           WORK TRANSACTIONS MADE IN PRIOR YEAR  
24           WERE REPORTABLE.—Subparagraph (A) shall  
25           not apply with respect to payments to any par-

1           ticipating payee during any calendar year if one  
2           or more payments in settlement of third party  
3           network transactions made by the payor to the  
4           participating payee during the preceding cal-  
5           endar year were reportable payments.”.

6           (b) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to calendar years beginning after  
8 December 31, 2024.